

Britain: Sunday Times details enormous gains for the super-rich

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The publication of this year's annual *Sunday Times* Rich List catalogues the financial bonanza enjoyed by the super rich living in Britain over the last 12 months. In addition, it illustrates how London in particular has become the virtual tax-free playground for this parasitic social layer.

Last year's list was noteworthy because for the first time since the recession of the early 1990s the combined wealth of the British super rich was estimated to have fallen slightly. This year it is safe to say that normal service has been resumed, and then some. The super-rich who reside in Britain are almost 30 percent richer than last year.

With headlines like "They're bouncing up by the billion," the *Sunday Times* was almost beside itself with glee at news that this year's increase was the highest rise since the list began 16 years ago. The top 1,000 richest British residents have accumulated over £200 billion between them. In one year their fortunes have increased at 15 times the current inflation rate.

It now requires a fortune of £40 million to break the threshold onto the hallowed list. In the last four years their collective wealth has almost doubled from the £115 billion recorded in 2000. The richest 50 people in Europe increased their wealth over the past year by a slightly less spectacular 22 percent. And significantly the world's top 50 enjoyed much smaller gains of 3.8 percent compared to those based in and around London.

This veritable wealth explosion and the coalescence of the international super-rich in the British capital are the outcome of a number of interconnected factors. The City of London financial district is emerging as a key command centre of global finance; Britain is now one of the world's most popular tax havens; and birds of a feather tend to flock together when the nesting is so luxurious and the political climate so amicable.

Under British law foreigners may only be taxed on their UK incomes, rather than their international incomes. Consequently the super-rich from around the world can live in London and pay a pittance in taxes. No other large economy offers such generous terms to the international

bourgeoisie. The non-domicile tax rule furnishes the lavish lifestyles of approximately 100,000 of the world's super-rich living in London and surrounding areas. By way of comparison Monaco, a long established tax haven, has a population of 32,000.

With so many of the world's super-rich residing in London, a hyper exclusive social infrastructure has emerged to pander to their every whim. Outrageously expensive shops, boutiques, restaurants and gymnasiums compete to offer the most luxurious, pretentious and over priced services to the growing band of international billionaires.

In addition to these factors the super-rich have profited greatly from a grossly over-inflated property price bubble and favourable circumstances on international financial markets. Britain also has the lowest top rate taxation in Europe, as well as minimal corporate regulation, a low wage workforce and high levels of workplace exploitation. New Labour, especially Prime Minister Tony Blair, welcomes the super-rich with open arms and not infrequently an open government chequebook.

Under such circumstances it is little wonder that London has become a playground not just for the British elite, but also a significant section of the world's filthy rich.

The Russian oligarch Roman Abramovich, who recently added Chelsea Football Club to his already bulging portfolio, is now the richest man living in Britain. Currently residing in either his luxury Belgravia property or his 440 acre West Sussex mansion, he is said to be loving life in the British capital. With a fortune estimated at £7.5 billion, he increases his wealth by a cool £441.2 million a year—or to put it in more manageable terms £50,000 an hour. Nice work if you can get it, but of course not everyone can. Least of all the Russian population from whom Abramovich stole his riches during the carve up of the Soviet Union's public assets by the Stalinist nomenklatura and their criminal hangers-on.

The bulk of Abramovich's wealth comes from Sibneft, the oil business he bought from the now exiled oligarch Boris Berezovsky in 1995. Abramovich was left in charge once

Berezovsky fled Russia. The Russian has a further estimated £1 billion in holdings, mainly in aluminium and pharmaceuticals.

In total, 67 of this year's top 1,000 have increased their wealth by more than £100 million. Three, including Sir Richard Branson, increased their pile by £1 billion or more.

Abramovich knocked the Duke of Westminster with his £5 billion property empire off the top spot. But ownership of property still maintains one in four entries on the list. Prominent gains were also posted by those engaged in hedge funds. Six hedge fund multi-millionaires in this year's list have made huge returns. In some cases London salaries are ahead of New York, with managing directors controlling complex derivatives making bonuses of £1.5 million on average. Some are making even more.

Other billionaires born outside of Britain find London conducive to their bank accounts. Another recent *Sunday Times* study found that 40 dollar billionaires reside in the British capital, more than any other city in the world. London is home to a record ten of the richest people in Europe.

Abramovich is not alone in possessing such fabulous amounts of money that he need not bother to count it. A recent criminal case was highly illuminating regarding the lifestyles of the rich and famous. Joyti De-Laurey, a secretary for investment bankers Goldman-Sachs, was charged with stealing from the bank's top executives.

Apparently the executives in question failed to notice millions of pounds missing from their private accounts. Husband and wife team Ron Beller (who spent £86,000 on personal travel last year) and Jennifer Moses (whose last birthday party cost £500,000) did not notice over a million pound missing from their account and admitted they previously thought that De-Laurey had stolen a million or two, but did nothing about it because "life was too short."

Another victim, Edward Scott Mead, only noticed missing funds when he tried to make a £1 million donation to Harvard. For her part De-Laurey, who used the cash to buy into her employer's lavish lifestyle, claimed she took the money "because it was easy."

For Abramovich and those at Goldman-Sachs, today's London is akin to Batista's Havana in the 1950s: a city where every public asset and everyone in power has a price. While the city's infrastructure and public services fall apart at the seams, the ability of the super-rich to access exclusive private services means they are oblivious to such social devastation. New Labour's hero worship of the super-rich has meant that London and by extension the country as a whole is effectively run for the benefit of this tiny parasitic social layer.

The super-rich might not necessarily be able to count their

fortunes but they sure know how to spend it. Those listed are responsible for a 100 percent increase in the number of super-yachts in the world. Abramovich recently revealed the refitted interior to his £72 million Pelorus yacht that requires a crew of 40 and costs £7 million a year to run.

The influx of super-rich has come as a boon unto the London luxury home market. The *Sunday Times* recently reported how Lakshmi Mittal, up seven places to fifth richest in this year's list, paid an incredible £70 million for a mansion in Kensington Palace. The white stucco fronted mansion is now the world's most expensive property. The former owner is Formula One racing boss and sometime New Labour donor Bernie Ecclestone, who unsurprisingly also figures prominently in the rich list top ten.

Only weeks earlier the real estate company Candy & Candy said it sold an apartment in Chelsea for £27 million. This is the most expensive apartment of its kind in the world, the company told Press Association newswire. Properties in Chelsea and Kensington regularly now sell for £10 million.

London also has the most expensive office space. A report by Cushman & Wakefield Healy & Baker stated in March that a square metre in Mayfair now costs almost £900 a year, compared to rates approximately half that in both Paris and New York. Bloomberg.com recently told its readers not to even think about car parking space in London—"You can't afford it", they declared.

Economic, social and political policy is so heavily weighted in favour of the super-rich in Britain that the *Sunday Times* admitted difficulty in compiling a losers' table. Put most simply, the super-rich cannot lose in Britain. The old market traders cry "Everyone's a winner!" actually applies to these layers in Blair's London.

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